

From: Lockhart, James
To: Steel, Robert:
Subject: Re: A couple of quick updates....
Date: Saturday, March 08, 2008 3:56:27 PM

Good. I talked with Shelby on Thursday. He seemed to have moved back from last conversation where he said compromise necessary. He went back to old language of no reform is better than weak. I asked him what is too weak about House bill and he said talk with his staff. On the other hand I think he understands the seriousness of the situation.

Also talked with Schummer and he is ready to move on Houes bill, he says. He suggested Administration host a meeting with Dodd, Shelby, him and other Senators. It may be time for that. I think the staffs are fighting the last war. Despite what Dodd told me the Dems are still talking Sarbannes substitute It is getting bad out there. Strangely, Freddie board blamed me on Friday not their numbers or management.

Have you all thought of buying GNMA's with Social Security Trust Fund.? It is within Board's or maybe even just Secretary's powers. Certainly they have much higher yields than Treasuries. Some people have been pushing it for a long while. The only downside is that the purchase is considered an expenditure for the budget.

Although the Freddie board was against raising equity we are hearing it would be possible especially if timed with some capital relief. We are also hearing that the Enterprises might be able to do \$5 billion each in straight/cvt pfd if use of proceeds was to put on profitable business.

Jim

----- Original Message -----

From: Robert.Steel@ [REDACTED] <Robert.Steel@ [REDACTED]>
To: Lockhart, James [REDACTED]
Sent: Sat Mar 08 13:59:03 2008
Subject: A couple of quick updates....

Hi Jim...

We are scheduled to see Dodd staff on Monday. I will post you after that session.

How do you think we are positioned with Shelby ?
What should our strategy be there ?

----- Confidentiality
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